

**ARIZONA STATE PARKS BOARD
PEORIA COUNCIL CHAMBERS
8401 W. Monroe, Peoria, AZ
FEBRUARY 17, 2010
MINUTES**

Board Members Present

Reese Woodling, Chairman
Tracey Westerhausen, Vice Chairman (arrived at 9:50 a.m.)
William Scalzo
Maria Baier
Arlan Colton (arrived at 9:12 a.m.)
Walter Armer

Board Members Absent

Larry Landry

Staff Members Present

Renée Bahl, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Kent Ennis, Assistant Director, Administration
Debi Busser, Executive Secretary
Monica Enriquez, Public Information Officer
Brad McNeill, Chief, Information Technology
Miryom Snyder, Chief, Fiscal Services
Doris Pulsifer, Chief, Budget and Payroll
Jeanette Hall, Chief, Human Resources
Ellen Bilbrey, Public Information Officer
Janet Hawks, Chief, Parks

Attorney General's Office

Laurie Hachtel, Assistant Attorney General
Monique Cody, Assistant Attorney General

**A. CALL TO ORDER FOR EXECUTIVE SESSION - ROLL CALL - Time Certain:
9:00 A.M.**

Roll Call indicated a quorum was present.

B. EXECUTIVE SESSION - Upon a public majority vote, the Board may hold an Executive Session that is not open to the public for the following purposes:

- 1. The Board May Discuss Employment or Salary of a Public Officer of any Public Body Pursuant to A.R.S. §38-431.03**
 - a. The Board May Discuss Reduction of the Director's Salary if/when Such a Reduction is Implemented for Covered Employees**

Mr. Scalzo made a motion for the Board to go into Executive Session. Ms. Baier seconded the motion and it carried unanimously.

Chairman Woodling called for Executive Session at 9:15 a.m.

C. CALL TO ORDER - ROLL CALL – Time Certain: 10:00 A.M.

Chairman Woodling called the Public Session to order at 10:10 a.m.

D. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

- 1. Board Statement** - "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."

Roll Call indicated a quorum was present.

Chairman Woodling asked everyone assembled to recite the Pledge of Allegiance.

The Board and staff introduced themselves.

Chairman Woodling read the Board Statement.

E. CALL TO THE PUBLIC

Before hearing from the public, Chairman Woodling stated that He had a few comments to make. This will be a very difficult meeting. The Board has some very tough issues to face. He appreciates everyone who is present; a lot of the members of the public have driven a long distance to be here. He noted that this situation has been forced upon the Board because of budget cuts. He detailed the various funds the Board receives money from. He noted that the source the Board relies heavily on is the Enhancement Fund that enables the agency to operate like a business and keep revenue from the fees charged at the parks. Over the past several years the legislature has espoused the business plan. They are business people who wanted to run the State as a business and Arizona State Parks (ASP) as well. Now they are sweeping that fund and have been sweeping for some time. Those funds belong to the agency and are the Board's monies that were earned through the development of the parks and operating the parks in a positive way. He strongly believes that this is not the way to run a business. They have taken our basic funding source, and that's why the Board is in this predicament today. He would like the legislature to know that, as the Parks Board Chairman, he finds this very irresponsible.

Chairman Woodling then began the Call to the Public.

Mr. Chip Davis, Yavapai County Supervisor, addressed the Board. He thanked the Board for their service to Arizona. He knows that now is not a pleasant time to be in the position the Board is in. He admires their courage and the things they have come through. He does not envy the Board's position right now. This is probably the most crucial time for leadership in the State of Arizona, and it's not something he sees much of.

Mr. Davis noted that he wanted to address several needs, but first he wanted to give the Board his commitment to support ASP for the long-term. He believes that we need to find a long-term solution for ASP that is successful.

Mr. Davis stated that Yavapai County, in particular, values their parks very much. When talking about a business plan, he doesn't think the legislature understands it requires much more than just gate fees. Yavapai County understands that. The value the parks add to the economic component and tourism is major. This is a big issue for them. They hope to work with the Board to come up with solutions.

Mr. Davis added that one thing this immediate need has done is to pull together a lot of people. If there's a silver lining to this cloud, it's a little heartwarming because we now have their chambers of commerce, their historical societies and volunteer groups, their

cities and towns, and Yavapai County banding together, realizing that not one person can solve this issue. Perhaps, collectively, we can come up with some ideas to keep things afloat until that long-term solution arrives. They have some future plans in mind that they will bring before the Board over the next few months (between now and June) to discuss creating some partnerships and work with foundation folks. He asked that the Board consider any ideas they come up with. They will come to the table with offers rather than just asking the Board to give them things.

Mr. Davis noted that an immediate need for today is Jerome State Historical Park (aka Douglas Mansion). It was closed down prior to the budget crisis and that has been a severe impact to the Town of Jerome, Yavapai County, and the entire region. The park was closed for construction and remodeling. He requested that the Board consider finishing the work on the park. The Chamber of Commerce, the Historical Society, the Town, Yavapai County, and area volunteers will offer a proposal to keep that park open if the Board completes the work, and they will make it successful. He believes that if the Board does that, the park will be so successful it will double the Board's salaries (which is currently \$0).

Mr. Davis thanked the Board for letting him speak. He knows the Board has some tough roads ahead.

Chairman Woodling stated that he would like the audience to know that the Board is in receipt of a letter Mr. Davis wrote to the House of Representatives supporting HCR 2040. He thanked Mr. Davis for his support.

Ms. Baier noted that the Board received two letters written by Supervisor Davis. One was to the House of Representatives supporting HCR 2040. The other letter was addressed to Mayor Burnside, Town of Camp Verde, talking about the County being willing to commit \$30,000 per year from District 3 park funds for the next 2 years for Fort Verde State Historic Park.

Mayor John Insalaco, City of Apache Junction, addressed the Board. He noted that Lost Dutchman State Park is vital to the City of Apache Junction and the surrounding area. He noted that they received support from around the County attesting to how valuable that park is. Next Sunday they have a marathon at the park that brought in 3,500 runners from all over the city and all over the state. Six hundred people are from out of the State of Arizona and 26 people from different countries. Many of them complemented the park. He knows how much they appreciate and love that area. Even though the park is outside their city limits, these people come through their towns. They buy gas and buy food.

Mayor Insalaco stated that they have a Resolution from the City of Apache Junction, Friends of Apache Junction, Superstition Mountain Historical Society, Friends of the Library, Pinal County District #2 Supervisor Bryan Martin, Pinal County Partnership, East Valley Partnership, and others. There is so much support. They appreciate what the Board has done, and they understand when the Board talks about their money being swept. Their money has been swept, too, from the City. The City and Pinal County will do what they can to keep this park open.

Mayor Insalaco added that they don't want to see this park vandalized because sometimes it costs \$20 to save \$1 or \$2. This is something he is afraid will happen. He thanked the Board for listening to him.

Chairman Woodling thanked the Mayor for his comments.

Mr. Scalzo added that he would also like to thank the Mayor for coming. It is mayors and elected officials like Supervisor Davis who really support Arizona State Parks, and the Board really appreciates that. The Board have statistics that prove the economic impact these parks have on surrounding cities and towns and just need to get it up to the decision-makers.

Mr. Jeff Williamson, Director of the Phoenix Zoo, member of the Heritage Alliance, member of the Governor's Task Force on Sustainability of Parks, and many other organizations, addressed the Board. He noted that this week the First Lady announced a program that has everything to do with the kinds of services the Board has traditionally provided and need to continue to be provided in the future.

Mr. Williamson stated he knows that the Board has some really tough decisions to make. He doesn't want to do anything to frustrate that. He asked that, if possible, the Board not participate in any activities that allow other levels of government to influence the Board's responsible fiscal activities or the diversion of public funds to activities that they were not intended to be used for. It is evident that parks are incredibly important to the economy. They are a part of our social fabric, and are important in providing habitats and environmental services. The groups he represents will do everything they can to help the Board recover the resources they need and for the Board to continue the services they provide. He thanked the Board for the opportunity to speak.

Ms. Janice Miano, Executive Director, AZ Heritage Alliance, addressed the Board. She gave a brief history of the AZ Heritage Alliance. After 20 years of protecting the Heritage Fund from sweeps, she regrets that they failed their mission last year. They are saddened that the legislature has taken \$53M from the State Parks budget in the last two years alone. It appears that the legislature wants to see the Arizona State Parks agency go away. However, at the urgency of their constituency, they want to keep the parks open by privatizing them with a brother-in-law in charge.

Ms. Miano stated that we cannot let this happen. Arizona's State Parks belong to the citizens of Arizona. She noted that the Heritage Alliance's constituency is the Heritage Fund grantees. Therefore, the Heritage Alliance urges the Board to not swipe the awarded open Heritage Fund grants again as they did last February and re-authorized the last of August. She recalled Chairman Woodling saying, "Let's never do this again." She asked the Board to please not do this again. When the Board does something like this, it only reduces their credibility with the whole Heritage Fund program. She asked, in the future, who would apply for a Heritage Fund grant if they knew the funds would be swept.

Ms. Miano added that the Heritage Alliance realize the legislature is forcing the Board to look for change and crumbs. She asked that they be strong.

Ms. Eileen Gannon, member of the Riordan family, addressed the Board regarding Riordan Mansion. She thanked the Board for their hard work and diligence. She knows the Board has gone through a really bad year and it's continuing on. They appreciate all the Board's hard efforts. As this Board and staff are well aware, the Riordan Mansion Deed includes a reversion clause. Just yesterday she spoke to specific family members including her mother – Ms. Rita Gannon her two sisters Helen and Mary – and from the other side of the family, Brian Chambers and Mary Riordan. All five gave their approval and support to the State Parks Board moving forward to forming a

partnership with the Northern Arizona Pioneer Historic Society and full involvement of the Riordan Action Network (RAN). Her elders, the relatives whom she called yesterday, agree that this course of action furthers the original family goal of keeping this place of historical and cultural significance open and available to the public. The family honors the wishes of the people who love Riordan Mansion and the family is willing to support the partnership and keep the house alive. The family is grateful to Arizona State Parks for the 30+ years of magnificent care of the Riordan Mansion, and they now support the Board's thinking outside the box in these hard times and approving the solutions offered by the Riordan Action Network and the Northern Arizona Pioneer Historic Society.

Ms. Marilyn Ruggles, representing the Riordan Action Network/Riordan Volunteers addressed the Board regarding delaying the closure of Riordan Mansion State Historic Park. She stated that she received a request from her State Representative, Tom Chambers, District 2, to be at the legislature tomorrow morning about HB 2628, which would make HCR 2040 happen faster.

Ms. Ruggles added that they are not going to stop working for ASP, either. They are going to continue working regardless of what happens later in this meeting. They will continue to work with the legislature because that's the long-term solution.

Ms. Ruggles stated that she is here today to encourage the Board to vote in favor of keeping Riordan Mansion open until March 29, and they hope it will go on much longer. They have been working with a lot of entities since the last Board meeting. Much has happened since they appeared before the Board a month ago. The Northern Arizona Pioneer Historical Society proposed in a public meeting that the Historical Society would lease the Riordan Mansion from ASP. The Letter of Intent with four signatures was received by ASP yesterday. The potential partners and the stakeholders met on January 28, 2010, to discuss options to keep Riordan Mansion open. Donations in the amount of \$24,300 were raised since that date to help keep Riordan Mansion open. The Riordan Action Network (RAN) had a brainstorming session on January 28. Governmental officials and media were present at that session and that has made a huge difference. Since that time, the media has covered them in the newspaper and on Channel 3 last night.

Ms. Ruggles noted that she just found out this morning that the City of Flagstaff, at their City Council meeting last night, voted \$10,000 for landscaping – it is an in-kind donation – until July 1, 2010.

Ms. Ruggles reported that they are in negotiations with Northern Arizona University (NAU) to provide other kinds of in-kind services. This partnership can, and will be, successful, with the help of all the stakeholders working together. It will save an estimated \$146,000 in closing costs. It will keep the park open to the public on a limited basis. She thanked the Board for their consideration, time, and all the work they have done for ASP and the State of Arizona.

Ms. Claudine Mohnhey, Benefactors of Red Rock State Park, addressed the Board regarding their efforts to keep Red Rock State Park open. She stated that they are working with Mr. Davis, who spoke earlier, and have a meeting set up for early March. They are also talking to the City of Sedona and have a meeting set up with them next week to see what they can do to keep the park open.

Ms. Mohny stated that the Benefactors are lacking a contact person with ASP. They need someone to give them the information they need, especially with elections coming up. Closing the park is not an option to them, and they will do whatever it takes to keep the park open.

Ms. Mohny noted that another issue relates to the Resolution and the House Bill, both of which they support. When they were at the legislature on February 1, both of their representatives told them that the bills are unconstitutional. She asked if the Board knew what the story is on that.

Chairman Woodling responded that the Board had an Executive Session earlier this morning. That was one of the issues the Board addressed. The Assistant Attorney General is looking into it.

Ms. Westerhausen added that the provision in question is in the Arizona State Constitution in Article IX, §14.

Mr. Scalzo added that, usually, when the legislators don't want to vote on something or don't want to make a decision, they'll throw the Constitution in. When they like something, they don't bring that up.

Mr. Scalzo also expressed his thanks for the large contingent from Sedona who came to Phoenix for the event on February 1 to protect parks in Arizona. He believes that coming in a large group and going together to meet with their legislators is the right thing to do and he thanked them for their support.

Ms. Lisa Rappaport, President, Jerome Chamber of Commerce, addressed the Board regarding Jerome State Historic Park. She noted that the park is currently closed for renovation and construction this past year, and has had an impact on the revenue of their local businesses. The park offers their visitors a unique understanding of the mining industry and its impact on their Town and the State. The view of their park, looking up to Jerome, gives one a perspective of what it was like when the Town was booming. Without the park it's quite a different view; and without the park it's quite a different town. The combination of the visitors to Jerome State Historic Park and a visit to the Town of Jerome leaves visitors with a lasting impression of Jerome's and Arizona's colorful history. The partnership between the park and the Town of Jerome has benefited both. The commitment of Yavapai County, the Town, the Historical Society, and the Chamber of Commerce will allow these benefits to continue. They will also create a new partnership. As these partners cooperate together to bring back the park and its place in history they will be forging a new future for both the park and the Town of Jerome. The Jerome Chamber of Commerce looks forward to contributing to the re-opening of the park.

Mr. Jay Kinsella, Vice Mayor of the Town of Jerome and Director of the Jerome Historical Society addressed the Board. He thanked the Board for allowing construction to continue at the park. He is there watching them almost every day.

Mr. Kinsella stated that, in these difficult economic times, we need to work together to protect all of the state parks in Arizona. Jerome is the smallest incorporated town in the State, but they have some of the deepest roots in the Arizona's history. Jerome's population is 450 residents with more than 1M visitors a year. He stated that Jerome is only one of a handful of towns in the State of Arizona that is completely dependent on tourism. Jerome State Historic Park has one of the most extensive mining history

displays in northern Arizona. He stated that he's had the opportunity in his endeavors in the Town of Jerome to talk to many visitors. The visitors are coming to Jerome for the history. These visitors have traveled across the United States, taking in history. Now they arrive in Arizona. They want to visit the OK Corral, sight of the old gunfight. They also want to visit one of the most industrial towns of its time in Jerome.

Mr. Kinsella noted that Jerome is recognized as a national historic landmark. This covers the huge one-square-mile footprint Jerome encompasses. One of the cornerstones to that footprint is Jerome State Historic Park, or what the locals call The Douglas Mansion. He noted that they cannot afford to lose this important part of Jerome's history – either today or in the future. We need to work together in the spirit of cooperation. Jerome would like to see communications opened up between ASP, the Town of Jerome, Yavapai County, along with the Jerome Historical Society and the Chamber of Commerce. As elected officials, employees of the State, and volunteers have a duty to protect our history. With Jerome State Historical Park being closed, he feels he is not fulfilling that duty. He feels there is light at the end of this dark economic tunnel. With strong minds and hearts we can work together to achieve the goal of reopening Jerome State Historic Park.

Mr. Bill Meek, Chairman, Arizona State Parks Foundation, addressed the Board. He reported that ASP is putting on two major events next month – the annual Mariachi Festival at Patagonia Lake State Park and the Civil War Reenactment at Picacho Peak State Park. Arizona State Parks Foundation (ASPF) is underwriting the cost of running those events. Because of the seriousness of what will be done here today, he doesn't want anyone to get the impression that the Board are spending money on events that otherwise could be spent on keeping parks open.

Mr. Meek stated that he believes that everyone at the meeting knows the fiscal issues that are facing the Board. The hope is, of course, that the Board will be able to keep some semblance of the park system operating for a period and perhaps beyond. He has been terribly conflicted the past couple of weeks. He is here to say let the grants alone and let the Governor and the Joint Legislative Budget Committee (JLBC) do their own dirty work. That's his personal feeling. Unfortunately, it doesn't stand up well under critical analysis. The Governor's 2010 budget plan and the JLBC plan are sitting on the Foundation's Website with regard to their impacts on ASP. They are crystal clear about their intentions to sweep more and more of Heritage Fund monies in the 2010 budget. He understands that the Executive Director already received the directive to cancel grants. This could be a further step toward the demise of ASP. He noted that the "privateers" who want to turn the park system over to private enterprise are waiting in the wings. Cancelling the grants is certainly distasteful. But the Board should take action to keep at least a remnant of a park system in place until a permanent funding solution can be found. He's afraid that means taking back the grants.

Mr. Don Skewes, private citizen who enjoys using the state parks, addressed the Board regarding park closures. He and his wife are retired and don't have a lot of money to go on vacations. Both enjoy camping. They use the State Parks for camping, both in the summer and in the winter. Most of his comments will be directed at Alamo State Park, but could apply to all of the State Parks. He believes that the parks are a great resource for the State, and for any of them to close is a travesty. He and his wife use Alamo State Park quite often. It is a very remote State Park and one of the top fishing lakes in the State. It has an ATV trail. He is concerned that if this park is closed the vandalism will

be in the millions if not tens of millions of dollars, which would be more costly than keeping the park open. It is such a remote area that there is no way it could be leased.

Mr. Skewes shared some suggestions with the Board to keep Alamo State Park open. He suggested charging visitors from out-of-state a higher fee to visit state parks. Use more volunteers in the campgrounds. Work with the BLM to help keep the park open. Close the Cholla campground rather than running two campgrounds. In closing, he stated that he is only a person, but he is saddened by the closure and hopes a way can be found to keep the park open.

Mr. Bill Roe, former Parks Board Chairman and member, addressed the Board. Mr. Roe gave a brief history of the parks system. He stated the Board carries a responsibility to wear the mantles of the Board members who came before them. If the system has to close down entirely, it will be a tortuous, long path before we have another park system in this State again. It is imperative to avoid that. As unpleasant as some of the choices may be, there needs to be sufficient funds to be able to operate and carry us forward over the next year or two. The economic situation will improve, although not immediately.

He stated that the question for corporate America in the next quarter is what do we do to make the dividends go up; the profits go up, make stock prices go up. But we have to think about the long-term issue. That is one of the problems that has gotten us where we are now. Even though the Board is a small part of State government, we need to look long-term; not just the next quarter. If the Board makes decisions to not invest in other capital projects and not invest in Heritage grants, there will be short-term pain. Jobs will be lost; communities will be hurt in the short-term in the next quarter. Think what will happen over the next decade or so if there's no park system at all. Think of the number of jobs lost; opportunities lost; and income lost to the communities. As unpleasant as the short-term decisions might be, the Board needs to look long-term. The Board has to be stewards of the system; they have to look at the long-term. Therefore, he has to recommend that the Board follow the staff recommendation on the capital budget and the Heritage Funds. It is painful short-term; but long-term the Board must do everything they can to keep the system alive.

Chairman Woodling noted that this closes the Public Comment portion of the meeting. He then opened the floor to the members of the Parks Board for their comments.

Ms. Westerhausen stated she had a question for Mr. Williamson. She noted that Mr. Williamson asked the Board to not act in ways that the legislature has. She asked if he had read the budget materials.

Mr. Williamson responded that he had. He continues to support efforts to keep the corpus alive. It is an important thing to do. He continues to worry about additional sweeps moving forward, and he hopes that a protective layer can be put in place so that the staff recommendation can be implemented without further frustration.

Ms. Westerhausen whether Mr. Skewes and Ms. Rappaport have had a chance to talk to their legislators regarding ASP's funding.

Mr. Skewes responded that he, personally, did speak with Senator Pierce when the whole Jerome State Historic Park issue came about. There were conflicting reports – that the park was being closed down because of concerns for the welfare of visitors due to the condition of the building; or that it had to do with fiscal responsibility. Once the

air was cleared and they knew the reason for the closure, Senator Pierce offered his help within his capacity through the process of identifying how the different agencies in the Town of Jerome can work together to achieve the purpose of reopening the park. He is behind it 100%. Mr. Skewes believes it is very important that all the entities be utilized – the Chamber of Commerce, the Historical Society, Yavapai County, and the Town of Jerome.

Chairman Woodling noted that to his knowledge the agency's capital funding has been reduced every year from the tune of \$40M to \$200M. The Board have known about the Jerome State Historic Park problem but had no money to fix it. This is a construction project. That park was closed to make it safe.

Mr. Colton stated that, regarding Red Rock State Park, both parties have talked.

Ms. Mohney responded that Mr. Ream did talk with her.

Ms. Bahl added that staff will continue to work with the Benefactors of Red Rock State Park.

F. CONSENT AGENDA

- 1. Approve Minutes of December 31, 2009, Arizona State Parks Board Meeting**
- 2. Approve Executive Session Minutes of December 31, 2009 Parks Board Meeting**
- 3. Approve Minutes of January 15, 2010, Arizona State Parks Board Meeting**
- 4. Approve Executive Session Minutes of January 15, 2010, Arizona State Parks Board Meeting**
- 5. Approve State Trails System Nominations** – Arizona State Committee on Trails (ASCOT) recommends the Arizona State Parks Board approve for inclusion into the Arizona State Trails System 42 trails totaling 101.29 miles listed in the Consent Agenda, Item F.5, Table 1 of the Board Report. Staff concurs with the ASCOT recommendation.

Mr. Colton made a motion to adopt the Consent Agenda.

Mr. Scalzo seconded the motion. The motion carried unanimously.

Mr. Scalzo stated he was pleased to see the additions to the Arizona State Trails System. He knows many of these particular trails quite well. It is important to include more trails into the system, and he's glad that work continues.

G. DISCUSSION ITEMS

1. Legislative Update.

Mr. Ziemann referred to a slide in the PowerPoint presentation contained in the Board packets. During the 6th Special Session, SB 1004 reauthorized the Lottery for 25 years. The beneficiaries were specifically named and the Heritage Fund was one of those beneficiaries. The bad news is that both the Governor's proposal and the JLBC proposal to resolve the State budget crisis provide that those proceeds be diverted to the General Fund. This is a battle that will take place.

Mr. Ziemann reported that in the 2nd Regular Session HB 2628 and HCR 2040 that deal with parks access related to license plates. He noted that HCR 2040 is very simple. It

requires a \$9 mandatory fee and would go on the ballot to the people for passage in the election. Staff anticipate both bills will be heard on Monday in the House Natural Resources Committee.

Chairman Woodling asked if these are bipartisan bills.

Mr. Ziemann responded that both bills have tremendous support from both parties.

Ms. Westerhausen asked if anyone has discussed adding a clause to HCR 2040 to clarify that the fee is lawful under the State Constitution.

Mr. Ziemann responded that all kinds of amendments have been discussed, both to HCR 2040 and HB 2786. For staff, the referral, as now written, is the simplest and most beneficial. Ultimately, 31 members of the House and 16 members of the Senate need to vote for something that will provide some sustainable funding. The Board will have to be willing to entertain and perhaps push for amendments through the political process. Staff are well aware of that and have made members well aware of it. It does not serve the Board well to be rigid in this and end up a target.

Mr. Ziemann reported that SB 1349 provides emergency procurement authority for the Board to negotiate with public and private companies to hammer out emergency agreements to try to keep the parks open. This bill has support and came out of the Natural Resources Committee on Monday.

Mr. Ziemann noted there are two bills that are problematic for the Board – SB 1370/HB 2786. These bills would require the Board to lease Lake Havasu State Park to Lake Havasu City for a period of 25 years with a maximum charge for that privilege of \$50,000 a year. That would create even more economic and fiscal hardship for the Parks Board. It would endanger the Board's ability to keep the nine parks open that the Board identified as Level A, as well as delay reopening parks as the Board discussed in the past.

Mr. Scalzo stated he had questions on SB 1370/HB 2786. He asked if there are any similar bills for other cities and towns. He noted that representatives from Apache Junction, Yavapai County, and other entities all seem willing to work with the Board to negotiate intergovernmental agreements and partnerships. He asked if it is extremely strange to have a bill like this before the legislature.

Mr. Ziemann responded that this is a very unique bill.

Mr. Scalzo stated that, under these bills, the Board has no functionality, and the legislature will set up requirements, place fees on it, and take away what he considers to be the function of this Board to manage those facilities and negotiate. He would certainly think that the Attorney General's Office would want to take a look at those bills.

Mr. Ziemann responded that either bill mandates that the Board lease the park; the Board is not given a choice.

Ms. Hachtel noted that she has not seen that bill.

Chairman Woodling expressed his displeasure with the bills.

Ms. Westerhausen noted that only one member of the legislature submitted this, but she does not know if he is speaking for all the citizens of Lake Havasu City.

Ms. Baier asked if, on the issue of SB 1378 and HB 2786, any analyses have been done on this legislation. It seems extraordinary that it wouldn't be considered special legislation.

Mr. Ziemann responded that he received a call from Legislative Counsel when they were drafting these bills. They were trying to find language that would target this specific park, but they tried to write it in a manner that could be more universal.

Ms. Baier then referred to HB 2628 and HCR 2040. She noted the Mr. Ziemann talked about getting 16 and 31 members of the legislature to support them, which means passage through the legislature. She noted that amendments will probably be needed to get them to that point. Something is better than nothing. She thinks that without allowing for the possibilities of amending the legislation, the Board will end up with nothing. Something may emerge that is much better for ASP.

2. Analysis of Budget Proposals by Governor's Office of Strategic Planning and Budgeting (OSPB) and the Joint Legislative Budget Committee (JLBC) Staff.

Mr. Ennis referred to the PowerPoint presentation, beginning with Slide 3. He reported that the Enhancement Fund is doing well (prior to any park closures). As of January we are just half a percent lower than last year and almost on forecast. He reported that the State Lake Improvement Fund (SLIF) continues to do well. We are just under forecast and 25% higher than last year because of the late implementation of the change to the ratio. The Off-Highway Vehicle fund is tracking exactly on target. In operating funds staff believe there will be a \$470,000 loss from last year, due to lower interest rates.

Mr. Ennis noted that at the January Board meeting the Board made a decision to close certain parks. On that very day the Executive Office came out with their budget recommendations. The JLBC came out with their budget recommendations shortly afterwards.

Mr. Ennis stated that the issue before the Board is one of one cut and one sweep right after the other. Both the Executive and the JLBC are calling for a sweep of \$5M retroactive to January 1 of this year from the Heritage Fund. Additionally the JLBC is recommending \$1,099,000 in a cash sweep from the Heritage Fund this year. Staff do not know the timing for this to all happen. JLBC is recommending about \$730,000 from the OHV fund and \$48,000 from the Publications and Souvenirs fund for a total sweep of almost \$6.9M. The Governor's Office, on the other hand, is recommending further fund sweeps, including the Heritage funds, of \$250,000 from OHV for a total of \$5.2M.

Mr. Ennis noted that for next year, the JLBC and the Executive are calling for a sweep of the entire Heritage Fund distribution to ASP of \$10M. JLBC is looking for another cash sweep of \$345,000 from SLIF and \$61,000 from the Partnerships fund, another \$745,000 from the OHV program, and \$37,500 from the Publications and Souvenirs fund. The total, before they get to the Land Conservation Fund, is \$11.9M.

Mr. Ennis noted that for the next year, the Executive has no sweeps that staff can find, except for the Heritage Fund. Both JLBC and the Executive are calling for a portion of the \$20M Growing Smarter (Land Conservation Fund) appropriation, as well as a sweep of what they estimate is the exact current balance of that fund next year. He understands that that will require a vote of the people. JLBC are requesting another \$1.4M in FY 2011 spending reductions.

Mr. Ennis stated that another issue for today is that those items he just discussed are unknowns. In the 18 months or so since July 1, 2008, there's been sweeps of \$53.8M out of the agency, plus the amount that will be taken in the next months. His staff are working on turning over last year's budget sweeps next week. They've spent the last few weeks trying to manage the agency's cash to that plus dealing with the new sweeps that happened in December. The agency has until the end of the year to turn over this year's \$19.2M.

Mr. Ennis discussed the December sweeps totaling \$8.6M later this year.

Mr. Scalzo noted that when he attended a legislative function, he was told by Representative Kavanaugh that the Board shouldn't think about using any of the OHV money to support our operations, nor would they take it. This seems to be contradictory to that. He asked if this is coming out of the legislature.

Mr. Ennis responded that both the JLBC and the Governor's Office are taking money from the OHV fund. The JLBC recommendation is an option for the legislature to take that money.

Mr. Scalzo asked whom JLBC reports to.

Mr. Ennis responded that they report to the Appropriations Chairman.

Mr. Colton noted that the assumptions that are made throughout are that the Board will have \$10M from the Heritage Fund. If he understands correctly under these scenarios, this fund could go away.

Mr. Ennis responded that at the moment staff have made no firm assumptions for FY 2011. The current assumption is that we will still get that money.

Ms. Bahl stated that the Board would get an overview of some of the staff will talk about. She referred to a slide in the PowerPoint presentation that the Board and public had, "Useful Definitions of Budget Terms." She reviewed the definitions of Excess Balance Transfer (EBT), Fund Reduction and Transfer (FRAT), and "Backfill".

Ms. Bahl noted that today the Board would have to make a decision on which accounts required EBTs and FRATs are paid from. She stated that ASP's charge is to find a way to keep the State Parks system alive for future generations. The decisions that the Board makes today will have an impact on our State's future. This is not just a short-term decision.

Ms. Bahl stated that a State Park operated by another entity will lose something of what it is to be a State Park. It will lose some of its history; it will lose some of the stories the Rangers know; and the knowledge of the resource will be gone. The agency has 217 park staff left. Together they have 2,600 years' service to this agency – not to State government; not to the industry – to ASP. That is not something that can be replaced if a park reopens years down-the-road. At least, if the park is operated by another entity, it is open for the community to take what they can and open the local economy, and that's critical. Closed parks benefit no one. It would be a nuisance; it will not generate money for local economies; we will not be able to pass along healthy living and our history to the next generation.

Ms. Bahl added what the Board needs to understand today is that their decisions are not ministerial; they are really about the future of the parks system to future generations. Those decisions will be difficult; the staff recommendation is painful. Staff do not want

to halt State Park projects. Our system is crumbling, and it will only cost more down-the-road for anything deferred now. Staff do not want to cancel grants. Local parks and recreation entities and historic preservation entities need improvements, too. They are very important partners. Staff certainly do not want to close State Parks. It's not good for the local economy; it's not good for future generations; and it will not be easily returned. More than 50 years have been invested in building this State Parks system.

Ms. Bahl stated that it is her duty to present to the Board her best guidance for the future of the ASP system and for the future of our State. They are not pretty options. The Board's priority is to keep parks open and operating. To do this, we must at least maintain but, preferably, grow our operating budget to back where it was even as late of last July. She noted that page 12 of the Board Packet is the crux of today's Board meeting.

Ms. Bahl added that the Board must identify accounts that meet the EBTs and the FRATs. In some cases it will be very simple with only one account in the fund and there's no choice. In other cases it will be very difficult. The Board will also be asked to approve a new FY 2010 operating budget. The most difficult decision the Board will be asked to make today are meeting the sweeps in the Heritage Fund. In December our lawmakers took almost \$4M from the Fund and the Board must decide what to cancel in order to come up with these monies. There is not enough money in the operating budget to meet this cut. Using what is in the operating budget is suicide for the system.

Ms. Bahl noted that there are three options presented in the staff recommendations. Mr. Ennis will walk the Board through this in more detail. Option 1 is to stop State Park Capital Projects and redirect these monies to other purposes. The deferred maintenance backlog exceeds \$150M. This option would allow the Board to pay the sweeps and the FRATs and the money the agency will need to close parks. It will leave the agency with about \$1M that could be used through the backfill process for operations.

Ms. Bahl stated that Option 2 is to cancel the open Heritage Fund Grants. This is the Executive's (Governor's) recommendation and this recommendation is public – it was not made specifically to her. Cancelling the Heritage Fund Grants would pay for the sweeps and the FRATs and to close parks, but no money for operating.

Ms. Bahl stated that staff's recommendation will be to both cancel the State Parks Capital Projects and cancel the open Heritage Fund grants. There will be a little money left for operating. While this is especially painful to grantees, an open park will benefit communities more in economic terms. That's why staff believe that it is best for the park system to keep as many parks open as possible at the expense of capital dollars for ourselves and for our partners. She noted that the money from the Heritage Fund is no more or less vulnerable whether cancelled or not cancelled. The money the lawmakers look at are monies in the fund. It does not matter if it's under contract. More importantly, we must try to keep the park system open. This is done by converting any capital monies possible into operating. That is, primarily, the backfill process.

Ms. Bahl added that, whether they take the \$5M this year or not, she can't guarantee and she can't say either way. Everything is equally vulnerable at this point, but the Board has to keep the park system going.

Ms. Bahl noted that these are difficult decisions and no one should take them lightly. We can't stop fighting and we have to find ways to keep some semblance of this park system.

3. **Update on revenue forecast, cash balance, operating budget, and cash flow by fund.**
4. **Discussion on Suggested Donations and Entrance Fees.**

H. BOARD ACTION ITEMS

INTRODUCTION – OPTIONS TO MEET FY 2010 BUDGET REDUCTIONS

1. **Consider Reallocation of Capital Improvement Funds** – Staff identified \$5,254,150 from the Capital Improvement Plan projects that could be postponed. (Attachment A). This amount includes \$402,000 from the State Lake Improvement Fund and \$4,852,150 from the Arizona Heritage Fund to meet the FRATS and EBTS, to fund park closures, to offset budget reductions, and to backfill operational cuts.

Mr. Ennis reiterated that Option 1 deals with reallocation of State Capital Projects and gives an estimated \$7.6M that can be reallocated for the FRATs. Option 2 deals with the cancellation of the current balances of open Heritage Funds.

Mr. Ream reported on Option 1. He stated that of the \$11.8M of Capital Funds, staff is recommending the reallocation of \$5.3M and continuing projects of \$6.5M. He stated that staff recommends the following projects be postponed:

- Buckskin River Island Residence Area improvements;
- Lake Havasu Water and Fire Main, and Campground Improvements
- Red Rock pre-manufactured restroom
- Tonto Natural Bridge Lodge Renovation Phase III
- Statewide Park Projects that includes ADA compliance, Arizona Dept. of Environmental Quality (ADEQ) compliance and some ongoing and emergency maintenance.

Mr. Ream noted that it would amount to net project reductions of \$2M and unallocated Capital Funds, including expected FY 2010 Heritage Fund revenues, of \$3.2M for a total reallocation of \$5,254,150.

Mr. Armer asked what Phase III under the Tonto renovation is.

Mr. Ream responded that Phase III brings the kitchen and some plumbing problems up to code and makes the building ADA compatible.

Mr. Ream reported on the projects staff recommend continuing, most of which have federal Land and Water Conservation Funds tied to the projects. They include:

- Buckskin/ River Island: lift station is under construction, water treatment plant design ongoing, and there are serious shoreline issues.
- Jerome: stabilization is ongoing.
- Lost Dutchman: new restroom shower building and campground improvements, including electrification of campsites ongoing. This project includes \$665,000 of federal LWCF.
- Slide Rock: project is 80% complete and includes wastewater treatment plant, restrooms, and maintenance area. It has \$320,000 in federal LWCF funds.

All recommended continuing projects are \$6.5M, which includes \$1.5M of LWCF.

Mr. Scalzo stated that if he is reading this correctly, it would meet some of the requests the Board has received from the representative from Jerome and Yavapai County. It would also meet the requests from Apache Junction regarding those important capital projects.

Mr. Ream responded affirmatively.

2. Consider Executive's Recommendation to Cancel All Open Heritage Fund Grants - The Executive recommends that all open Heritage Fund Grant projects be cancelled.

Mr. Ziemann reported on Option 2. He reminded the Board that last fall they actually unsuspended these grants. The amount of money the Board unsuspended was about \$6.1M. In the intervening months 38% of that money has gotten to the grantees and has been invested on the ground.

Mr. Ziemann reported that as of January 29, there was about \$3.9M remaining in the Heritage Fund Grant projects. Subsequent to the time this Board Report was created, an additional \$100,000 or so has gone out of the fund, with about \$3.8M remaining. He reminded the Board that it is the Governor's recommendation that all of these projects be closed.

Mr. Ziemann stated that the Grants staff recommend that work be allowed to continue for another two weeks – work that the agency would be willing to reimburse out of these funds and give the grantees the opportunity to “button up” their projects as soon as they can. Following that, there would be an additional two weeks for them to gather their documentation, bills, and receipts and submit them for reimbursement.

Mr. Colton asked if those dates were selected because of the projects or as a compromise recognizing that the Board has to get to a final number. He asked if there's something special about those dates.

Mr. Ziemann responded that there is nothing special in the dates. Staff feel this is a more generous approach to the grantees than the last time the Board had to suspend grants. It is uncertain as to what the final numbers will be, and staff won't know until the process is complete. The longer the Board extends it, the less money will be there.

Chairman Woodling asked about a grant that is 95% complete and noted that the money for that project is awaiting completion of that project. He asked if that is still the situation.

Mr. Ziemann responded that the history has been to hold back 10% of the grant until staff could ascertain that the grantee has, in fact, completed the scope of project. Then the last 10% is released.

Chairman Woodling noted there is one graph in the presentation that he doesn't understand. Under Heritage Fund Trails (i.e., the Flagstaff System), the grant award was \$106,000. They expended \$0. The balance is \$106,000 and the project is 98% completed.

Mr. Ziemann explained some of the numbers. The project, status, and percent complete are what the grantee is reporting to staff in their monthly or quarterly reports that they provide to staff. They are reporting how much of the project is completed. The amount

expended is reflects the bills they have submitted and the agency has paid back. The two don't necessarily match.

Chairman Woodling noted that the \$160,000 is money the Board may not have.

Mr. Ziemann concurred. The project could come in under budget or there might be a little left. That is money that the city or grantee has not expended. Those are invoices that will probably show up that the Board will have to pay and should pay.

- 3. Consider Cancellation of Heritage Funds Grants and Reallocation of State Parks Capital** - Staff recommends the reallocation of \$5,254,150 of previously allocated Heritage Fund and SLIF capital improvement funds, the cancellation of up to \$3,923,242 of Heritage Fund grants, and the allocation of previously unallocated FY 2010 Heritage Fund revenues to meet the FRATs and EBTs, to fund park closures, to offset budget reductions, and to backfill operational cuts. Staff also recommends anticipated unallocated Heritage Fund dollars be used for these same purposes.

Mr. Ennis stated he would provide, in summary, where the money would come from. He noted that, under the staff recommendation, staff recommends a total of \$5.2M (combination of Heritage Fund \$4.8M and SLIF reallocation of funds of \$408,000). There would be another source of funds from the cancelled Heritage Fund grants balance of \$3.9M and unanticipated revenues from the Heritage Fund assuming the Board will receive the \$2.4M for the second half of the Heritage fund for this year, for a total of almost \$11.6M.

- 4. Consider Accounts to Meet Fund Reductions And Transfers (FRATs) and Excess Balance Transfers (EBTs).**

Mr. Ennis referred to Slide 23 and explained the revenue sources applied (Enhancement Fund, Heritage Fund, and SLIF) for capital and grants reallocation applications. The backfill for Enhancement Fund and the SLIF FRAT and EBT totals \$4.2M. He noted that backfills require coordination with the Comptroller, the Governor's Office, and JLBC review. If that is successful, the Heritage Fund balance is expected to be \$723,392 – it could be half that – staff don't really know.

Mr. Ennis discussed the three options the Board has. He referred to Slide 24. The Capital Reallocation Application would receive a total of \$7.6M. After applying the FRATs and EBTs, the total would be \$6.6M which leaves \$1M left depending on what the grants might be. After accounting for backfills of Enhancement Fund and SLIF FRAT and EBT the agency is left with \$1M. While it will help, it's not enough to get us into park operations.

Mr. Ennis reported that the second option is Grants Reallocation Applications. It starts with the assumption of \$3.9M. With the unallocated revenue of \$2.4M it brings it to \$6.3M. The allocation of funds is \$6.2M.

Mr. Ennis reported that the third option is Capital and Grants. That provides the maximum flexibility that staff are recommending. The subtotal of available funds is \$11,577,392. There is \$6.6M in use of funds, leaving a balance for backfills at \$4.9M plus the grant balance of \$4.2M leaving the Board with a balance of \$723,392 as of now. The backfills require coordination with the Comptroller, the Governor's Office and review by the JLBC.

Mr. Ennis stated that these create the maximum flexibility. As the Executive Director said, they will take these monies, and it doesn't matter if it's in grants or capital. They simply see a balance.

Mr. Colton referred to the grant reallocations and the grant projects that are 90% complete. It will cost at least a couple hundred thousand dollars. He asked if the \$3.9M drops by \$1M will we be in serious trouble?

Mr. Ennis responded that what staff would take to the Comptroller, the Governor's Office, and JLBC would be less than the \$4.2M that would be backfilled.

Ms. Bahl added that it would leave the agency in serious trouble if *only* the grants were cancelled. The FRATs and EBTs must be paid – that is not negotiable. Then everything else starts falling off. There might not be enough money to close parks, move three staff members, etc. It is problematic.

Mr. Ennis stated that the Executive Director is correct.

Mr. Colton asked if staff think they might have to cancel some of the capital projects that they wanted to do in some of the parks.

Ms. Bahl responded that staff wouldn't want to give that answer now because we don't know if there's any \$700,000 balance; what staff do know is that the FRATs and EBTs must be paid and we must have the money to close the parks in a secure fashion. To her, those are not negotiable. In cases of federal dollars, for every dollar we reduce we lose another dollar.

Mr. Colton asked, regarding security for closed parks, if it's putting up a "For Sale" sign or the Board goes back into Executive Session.

Ms. Bahl responded that if there are any additional manipulations of the FY 2010 budget, the Board will need to discuss further. She can say that if the Board does not choose to cancel grants and to not cancel projects, and the \$5M is swept a special session will have to be the next day because the agency will not be able to make payroll.

Chairman Woodling noted that there are a number of Staff Recommendations for Board Action on the Agenda. He noted that the Board have heard the staff recommendations. He asked if the Board wished to take any action.

Board Action

Ms. Westerhausen: I move that the Arizona State Parks Board authorize the Executive Director to reallocate \$5,254,150 from the Capital Improvement projects budget listed in Attachment A, including \$402,000 from the State Lake Improvement Fund and \$4,852,150 from the Arizona Heritage Fund to meet budget reductions while maximizing operating dollars and park closures and with the anticipated unallocated Heritage Fund dollars estimated at \$2.4M be used for these same purposes.

Mr. Scalzo seconded the motion.

Mr. Colton requested the following preamble be added to the motion: "Due to the actions of elected officials of the State of Arizona" or similar language.

Ms. Baier noted that there are some legislators who have been helpful and should be thanked for their efforts.

Chairman Woodling called for a vote on the motion on the Floor. The motion carried unanimously with Mr. Landry absent.

Chairman Woodling asked if the Board wished to take action on the cancellation of Heritage Funds Grants and Reallocation of State Parks Capital.

Board Action

Ms. Westerhausen: I move that the Board authorize the Executive Director to cancel all open Heritage Fund Grant projects, with February 26, 2010, being the last eligible date for work to be reimbursed and March 12, 2010 as the date for final invoices to be submitted to State Parks.

Mr. Armer seconded the motion and the motion carried unanimously with Mr. Landry absent.

Mr. Colton noted that there could have been a lot of discussion on this issue. Passing the motion this way is probably the best way. It is awful.

Ms. Westerhausen added that no one on the Board was in favor of this, but there was no other choice.

Chairman Woodling noted that because the Board passed Agenda Item H3, the Board needs to take action on the funds listed below.

- a. **Heritage Fund** - I move that the Arizona State Parks Board authorize that the spending reduction of \$1,784,700 and the excess balance transfer of \$2,124,700 imposed on the Heritage Fund be funded from the reallocation of funds from State Parks projects, cancellation of Heritage Fund grants and unallocated revenue.
- b. **State Parks Enhancement Fund** - I move that the Arizona State Parks Board authorize staff to pay the Enhancement Fund \$671,300 FRAT and \$1,630,800 EBT from the Enhancement Fund by June 30, 2010.
- c. **State Lake Improvement Fund** - I move that the Arizona State Parks Board authorize payment of the State Lake Improvement Fund FRAT of \$528,500 from \$402,000 of suspended SLIF capital improvement projects, and from \$126,500 of a closed SLIF grant. I further move that the State Lake Improvement Fund EBT of \$1,387,300 be funded from the FY 2010 ending cash carry forward balance in the fund by June 30, 2010.
- d. **Partnerships Fund** - Staff recommends that the EBT of \$156,900 imposed on the Partnerships Fund be funded from cash balance forward in the Land and Water Conservation Fund Surcharge account within the Partnerships Fund by June 30, 2010.
- e. **Donations (State Parks) Fund** – No Board action recommended.
- f. **Publications and Souvenirs Revolving Fund** – I move that the Arizona State Parks Board authorize staff to pay the Publications and Souvenirs Revolving Fund \$37,500 FRAT and \$94,000 EBT from the Publications Fund by June 30, 2010.

Board Action

Ms. Westerhausen: I move that the Arizona State Parks Board authorize staff to pay the items listed in H.4.a through H.4.f on the February 17, 2010 Agenda: the Heritage Fund, the State Parks Enhancement Fund, the State Lake Improvement Fund, the Partnerships Fund, the State Parks Donations Fund, and the Publications and Souvenirs Revolving Fund; that the Board authorize staff to take steps needed to meet the EBTs and FRATs.

Mr. Colton seconded the motion.

Ms. Bahl noted that the motion covers the staff recommendation except that staff recommended that the Board not take any action on the Donations Fund. She requested that the Board consider amending their motion to exclude the Donations Fund.

Ms. Westerhausen amended her motion to exclude H.4.e. – the State Parks Donations Fund from her motion.

Mr. Colton, as second to the motion, accepted the amendment. The motion, as amended, and carried unanimously with Mr. Landry absent.

5. **Consider Adopting Revised FY 2010 Operating Budget** - Staff recommends that the Arizona State Parks Board authorize a revised FY 2010 operating budget of \$20,813,500.

Mr. Ennis reported that, in addition to changes already discussed, staff are also recommending moving additional funds out of the Heritage Fund. He referred to a slide entitled "FY 2010 OPERATING BUDGET RECOMMENDED MODIFICATIONS". These recommended changes are both operational and tactical for next year.

Chairman Woodling noted that the budget is a working document. It can be changed. He asked if the Board has to vote to change the budget for this year.

Mr. Ennis responded affirmatively.

Ms. Bahl added that the Parks Board has authority over non-appropriated funds. This is, basically, the entire budget. The Board has the authority to change the budget throughout the year. Staff cannot expend more than the Board authorizes them to do. This is shifting money which have expenditures higher in some funds; lower expenditures don't really matter. JLBC do not need to review it. If staff can get the backfills through the Governor's Office to the JLBC then staff would come back and recommend where to apply them.

Board Action

Mr. Colton: I move that the Arizona State Parks Board authorize a revised FY 2010 operating budget of \$20,813,500.

Ms. Westerhausen seconded the motion and it carried unanimously with Mr. Landry absent.

Mr. Scalzo suggested that the Board had better do these things before the legislature figures out a way to take more of the Board's power away from them.

6. **Consider Alterations of Planned Park Closures** – Staff may recommend extending the closing date of any park where we have a draft operating agreement, or cancel closing dates to parks where we have a signed agreement. Staff will make such recommendations at the February 17, 2010 Board meeting.

Mr. Ream referred to Slide 30 from the presentation. He discussed the parks that are closed and agreements at each of the parks.

Mr. Ream reported that at Homolovi Ruins State Historic Park staff met with the Hopi tribal officials to discuss their concerns regarding the protection of the Homolovi Ruins while the park is closed. Staff are working with Northern Arizona University (NAU) on how to protect the ruins.

Mr. Scalzo asked if the plan the Hopi brought to the Board to assist with funding and keeping the park open has disappeared.

Mr. Ream responded that in meetings with the Hopi there was re-initiation of those talks.

Mr. Scalzo asked if they have law enforcement of their own.

Mr. Ream responded that they have two law enforcement factions: BIA and their Hopi Resource Management group.

Mr. Armer noted this park is near Winslow and asked if there's been any communication from Winslow to get some help.

Mr. Ream responded negatively but added that does not mean it won't be forthcoming.

Mr. Ream reported that there have been initial discussions with Apache County to provide funding to reopen Lyman Lake State Park by Memorial Day and through Labor Day. This would capitalize on the highest visitation months at the park. However, these talks are in the initial stages.

Mr. Ream reported there has been an outpouring of support to keep Riordan Mansion State Historic Park open. A successful fundraising campaign has begun and staff is recommending that the Board amend its recommendation to allow time for the partners to solidify their planning.

Board Action

Mr. Armer: I move that the Arizona State Parks Board authorize the Executive Director to revise the closing date for Riordan Mansion State Historic Park from Monday, February 22, 2010 at 5:00 p.m. MST to Monday, March 29, 2010 at 5:00 p.m. MST.

Mr. Colton seconded the motion and the motion carried unanimously with Mr. Landry absent.

Mr. Ream then discussed parks that will close on March 29, 2010.

Mr. Ream reported that staff has a draft agreement with the town of Camp Verde to operate Fort Verde State Historical Park. Their council is meeting today to determine the exact proposal for operating the park for one year. Staff expect to have a lease document to the Parks Board at the March 17, 2010 meeting. This is very encouraging. Staff are working diligently to get these proposals and leases done before these parks close.

Chairman Woodling asked, regarding the cost to close parks, where that money goes.

Mr. Ream responded that most of these agreements are for a short-term time. That money might be used for other purposes, but we might also want to keep it just in case these agreements don't work out.

Chairman Woodling asked how Ms. Bahl's scenario of having \$20 in her wallet affects it.

Mr. Ream responded that it's not money spent. They can take it all.

Mr. Ream stated that the Arizona Game and Fish Commission actually own Roper Lake. Staff are working with them and Graham County to keep the park open. There will be a meeting next week with all of the entities involved to see if we can keep the park open – at least some part of it.

Mr. Ream reported that Tubac Presidio State Historic Park is located in an unincorporated area. There is a coalition of well-intended people trying to raise funds to keep the park open. ASP does not want to just lease it, give it, or donate it to one of these entities. It needs to be a group with some backing, insurance, and a lot of other things that are involved. He hopes something can be worked prior to March 29th, but he doesn't see that happening. It will take a significant amount of funds to keep that park open and operating.

Mr. Colton noted that he had been at Tubac over the weekend. He took a point of personal privilege and noted that his mother is sitting in the back row. They went to Tubac on Sunday. There was an art show there and he noted that there wasn't a parking space to be located anywhere. It was a great event. He noted that it would be wonderful if something can be done to keep the park open.

Mr. Ream noted that there is some hope for Yuma Territorial Prison State Historic Park. Staff expect to have a lease agreement with the City of Yuma for the Board to review and approve at the March 17 Board meeting. The City of Yuma met last night in a study session to discuss a proposal by the Yuma Crossing Heritage Area to operate Yuma Territorial Prison much as they do Yuma Quartermaster Depot. This issue will be on the Agenda for the March 17th Board meeting.

Mr. Ream then discussed the June 3, 2010 Park Closures.

Mr. Ream reported that there will be a meeting on February 22 with the Arizona Game and Fish Commission, La Paz County, and the City of Wickenburg to discuss Alamo Lake State Park. Staff will work closely with these entities to keep that park open. It is a difficult park to close.

Mr. Ream reported that staff are meeting with the City of Apache Junction on various ideas to keep Lost Dutchman State Park open.

Mr. Ream reported that, unfortunately, there are no friends groups or community alliances looking to help keep Picacho Peak State Park open.

Ms. Westerhausen noted that she drives by Picacho Park regularly and it wasn't until she became a member of the Parks Board that she realized there was a sign seconds before the turn-off to go to the park.

Mr. Scalzo noted that unincorporated areas are still part of the county. The Board may want to reach out to the counties.

Mr. Ream noted that this park is located in Pinal County, and that Pinal County has more parks than any other county. They have five state parks in the county. Currently only one will remain open – Boyce Thompson Arboretum.

Mr. Scalzo suggested staff contact the County Manager, Mr. Doolittle, to see if he would be interested in working with the Board on this.

Mr. Armer added that the people in Tubac have approached Santa Cruz County. Unfortunately, Santa Cruz County has closed all of their parks.

Mr. Scalzo noted that Picacho Peak is very close to Pima County. They are one of the richer counties in the State and might be willing to contribute some money to keep the park open.

Ms. Baier added that Pima County is rich in constituents who are passionate about parks.

Chairman Woodling asked what the situation is at Picacho regarding hiking. He asked if the trails would remain open.

Ms. Bahl responded that the entire park would be closed and the trails would be closed as well. We don't have the resources to maintain it.

Mr. Ream reported there is support to keep Red Rock State Park open. However, there are still significant financial hurdles to be overcome. Both the City of Sedona and the county are interested in helping.

Mr. Ream reported that Tombstone Courthouse State Historic Park is another place where staff are very encouraged. The Town of Tombstone has offered to lease the park and operate it with their staff. Staff should be able to bring a lease to the Board to approve to continue the operation of this park.

Mr. Ream reported that there are long-time partners in the City of Payson that are very motivated to keep Tonto Natural Bridge State Park open. Staff are encouraged that a solution may be found to keep the park open through the summer.

Mr. Ream added that he is encouraged by the support from communities. Many have called and asked what they can do to help. He thanked them for all their hard work in trying to help keep the parks open.

Mr. Armer echoed Mr. Ream's comments. He believes that the Yavapai County Supervisor hit it on the head that there's a silver lining in all this. People in these communities have realized that they have an asset they may have taken for granted, and the Board welcomes working with all of them.

Ms. Baier extended her gratitude to Mr. Ream because she believes that so much of the success with contact with the communities is because of their contact with him. She believes that each park is like a child to him and that he works extra hard to find ways to keep them open. She thanked him for going the extra mile.

At his request, Chairman Woodling invited former Board Member, Mr. Bill Roe, to address the Board.

Mr. Roe stated that the Board ought to realize what a remarkable performance they have seen this morning. There are 217 employees within the organization under enormous personal stress not knowing their futures or the future of the agency. There are staff who have dedicated their lives to this organization. It is incredibly painful for them to do what they have to do today. All of the employees have worked incredibly hard to bring this presentation to the Board. He hopes they are given appropriate thanks along the way.

Ms. Bahl noted that the Board does not need a motion on this Agenda Item.

I. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Staff recommends that the next Arizona State Parks Board Meeting be on Wednesday, March 17, 2010 in the Apache Junction Council Chambers in Apache Junction.
2. Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.

Ms. Westerhausen requested that the Agenda include an update on Lake Havasu City.

Chairman Woodling suggested the Board may need to address the situation with the 5% pay reduction for State workers.

Mr. Scalzo stated he felt Mr. Roe's comments regarding staff were excellent and reflect the way the Board feels about staff's performance. The sad part is the legislature and government agreeing that they are doing such great jobs that their salaries will get cut anyway. This is very difficult for him, as a member of this Board, to see that happen. To cut employees' salaries not based on performance is somewhat irrational and is certainly not good leadership.

J. ADJOURNMENT

Ms. Westerhausen made a motion to Adjourn the meeting.

Mr. Colton seconded the motion and it carried unanimously with Mr. Landry absent. The meeting was adjourned at 1:10 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:

Reese Woodling

Reese Woodling, Chairman

Renée E. Bahl

Renée E. Bahl, Executive Director

17 March 2010